

**MINUTES OF THE
MARICOPA ASSOCIATION OF GOVERNMENTS
REGIONAL COUNCIL MEETING**

May 28, 2008
MAG Office, Saguaro Room
Phoenix, Arizona

MEMBERS ATTENDING

Mayor James M. Cavanaugh, Goodyear, Chair	Mayor Thomas Schoaf, Litchfield Park
Mayor Mary Manross, Scottsdale, Vice Chair	Supervisor Don Stapley for Supervisor Max
* Councilmember Robin Barker, Apache Junction	W. Wilson, Maricopa County
Mayor Marie Lopez Rogers, Avondale	Mayor Keno Hawker, Mesa
# Mayor Bobby Bryant, Buckeye	Mayor Ed Winkler, Paradise Valley
Mayor Wayne Fulcher, Carefree	Mayor Bob Barrett, Peoria
Mayor Vincent Francia, Cave Creek	Vice Mayor Peggy Neely, Phoenix
Mayor Boyd Dunn, Chandler	+ Mayor Art Sanders, Queen Creek
Mayor Fred Waterman, El Mirage	President Diane Enos, Salt River
President Clinton Pattea, Fort McDowell	Pima-Maricopa Indian Community
Yavapai Nation	Mayor Lyn Truitt, Surprise
# Councilmember Jay Schlum for Mayor Wally	Mayor Hugh Hallman, Tempe
Nichols, Fountain Hills	Mayor Adolfo Gamez, Tolleson
# Vice Mayor Steve Holt for Mayor Fred Hull,	# Mayor Ron Badowski, Wickenburg
Gila Bend	Mayor Michael LeVault, Youngtown
Governor William Rhodes, Gila River Indian	Felipe Zubia, State Transportation Board
Community	Victor Flores, State Transportation Board
Mayor Steven Berman, Gilbert	David Martin, Citizens Transportation
Mayor Elaine Scruggs, Glendale	Oversight Committee
Mayor Rebecca Jimenez, Guadalupe	

* Those members neither present nor represented by proxy.

Attended by telephone conference call.

+ Attended by videoconference call.

1. **Call to Order**

The meeting of the MAG Regional Council was called to order by Chair James M. Cavanaugh at 5:08 p.m.

2. **Pledge of Allegiance**

The Pledge of Allegiance was recited.

Chair Cavanaugh noted that Mayor Bobby Bryant, Mayor Ron Badowski, and Councilmember Jay Schlum, as proxy for Mayor Wally Nichols, were participating by teleconference, and Mayor Art Sanders was participating by videoconference. Chair Cavanaugh introduced proxies for the meeting: Vice Mayor Steve Holt for Mayor Fred Hull, Gila Bend, and Supervisor Don Stapley for Supervisor Max Wilson, Maricopa County.

Chair Cavanaugh noted materials for agenda items #6, #7, and #8 at each place. He announced that transit tickets and parking validation were available to meeting attendees.

Chair Cavanaugh stated that this was the last Regional Council meeting for three members of the MAG Regional Council. He presented Resolutions of Appreciation to Mayor Bobby Bryant, Mayor Ed Winkler, and Mayor Keno Hawker. The mayors were applauded for their service to the region.

3. Call to the Audience

Chair Cavanaugh noted that public comment cards were available to members of the audience who wish to speak on items not scheduled on the agenda that fall under the jurisdiction of MAG, or on items on the agenda for discussion but not for action. Citizens are requested not to exceed a three minute time period for their comments. A total of 15 minutes is provided for the Call to the Audience agenda item, unless the Regional Council requests an exception to this limit. Those wishing to comment on agenda items posted for action will be provided the opportunity at the time the item is heard.

Chair Cavanaugh recognized public comment from Dianne Barker, who stated that she had brought to the meeting a bus buddy, who has ideas on how to save money and ease congestion. She said that Maricopa County has a trip reduction plan; employers are only required to have a plan, but are not punished if they do not meet the plan. Ms. Barker stated that new employees could relocate to the nearest branch of a company. She stated that multimodal feels good. Ms. Barker stated that she attended a CTOC meeting where there were a number of questions about noise pollution. She said that it appears that MAG has the lowest noise decibels, but she and her friend saw on the internet that ADOT is collecting data under Class A, which is an old standard, probably from the 1930s. Ms. Barker stated that her friend thought more advanced system should be utilized. She stated that \$6 billion is needed for I-17 and the Collector-Distributor System, but that amount does not include Deck Park, which is above capacity now. Ms. Barker stated that multimodal options are needed, perhaps elevated rail. She said that air quality funds should be used to deter pollution, and it looked like MAG has \$25 million it needs to reprogram. Ms. Barker suggested that members read section two of the TIME Coalition initiative and she would be contacting staff. Chair Cavanaugh thanked Ms. Barker for her comments.

4. Executive Director's Report

Dennis Smith, MAG Executive Director, provided a report to the Regional Council on activities of general interest.

Mr. Smith stated that the Arizona Transportation Summit/River of Trade Corridor Coalition (ROTCC) will be held May 29, 2008, at the Wigwam Resort. Topics will include Building a Quality Arizona,

public/private partnerships, and the Sun Corridor Megapolitan. Mr. Smith noted that 120 people have registered to attend the event.

Mr. Smith stated that the Arizona Indian Town Hall is scheduled for July 14 to July 26, 2008, at the Carefree Resort and Villas. He noted that the event is open to the public.

Chair Cavanaugh thanked Mr. Smith for his report. No questions from the Council were noted.

5. Approval of Consent Agenda

Chair Cavanaugh noted that agenda items #5A through #5J were on the consent agenda. He noted that no public comment cards had been received. Chair Cavanaugh asked members if they had questions or requests to hear an item individually. None were noted.

Chair Cavanaugh called for a motion to approve consent agenda items #5A, #5B, #5C, #5D, #5E, #5F, #5G, #5H, #5I, and #5J. Mayor Dunn moved, Mayor Barrett seconded, and the motion passed unanimously.

5A. Approval of the April 23, 2008 Meeting Minutes

The Regional Council, by consent, approved the April 23, 2008 meeting minutes.

5B. Pedestrian Design Assistance and Bicycle Design Assistance Projects for 2008 Funding - Phase II

The Regional Council, by consent, approved the following projects for funding from the Design Assistance Program: Avondale: Garden Lakes Sidewalk (\$60,000); City of Phoenix: Third Street Promenade (\$65,000); and City of Mesa: Adobe Road Complete Streets (\$30,000). The FY 2008 MAG Unified Planning Work Program and Annual Budget, approved by the MAG Regional Council in May 2007, includes \$200,000 for the Pedestrian Design Assistance Program and \$300,000 for the Bicycle/Shared-Use Design Assistance Program. The Pedestrian Working Group, the Regional Bicycle Task Force, the Transportation Review Committee, and the Management Committee recommended approval of three projects for funding from the Design Assistance Program: Avondale: Garden Lakes Sidewalk (\$60,000); City of Phoenix: Third Street Promenade (\$65,000); and City of Mesa: Adobe Road Complete Streets (\$30,000).

5C. Interim Closeout of the Federal Fiscal Year 2008 MAG Federally Funded Program

The Regional Council, by consent, approved a list of projects to be carried forward from FFY 2008 to FFY 2009 or later and approval of a list of projects requesting removal of federal funds. The federal fiscal year (FFY) 2008 Interim Closeout established that member agencies submitted requests to defer or delete federal funds from projects for approximately \$40.1 million. As a result, the amount of funds available during the interim closeout is approximately \$14.7 million. The amount available for the FFY 2008 Closeout may change due to the future project deferrals. Any changes will be provided in the upcoming months. The deadline for FFY 2008 Closeout project submittal and initial deferral

notification was April 18, 2008. The Management Committee and the Transportation Policy Committee recommended approval of the Interim Closeout.

5D. Arterial Life Cycle Program Status Report

A status report on the Arterial Life Cycle Program (ALCP) is provided for the period between October 2007 and March 2008 and includes an update on ALCP Project work, the remaining FY 2008 ALCP schedule, and ALCP revenues and finances. This item was on the agenda for information.

5E. Fiscal Year 2008 - Arterial Life Cycle Program Regional Area Road Fund Closeout

The Regional Council, by consent, approved advancing reimbursements from 2012, 2013, and 2014 to 2008 for the FY 2008 Arterial Life Cycle Program (ALCP) Regional Area Road Fund (RARF) Closeout for ALCP Projects: Lake Pleasant Parkway, Arizona Avenue at Chandler Boulevard, and Val Vista: Warner to Pecos, totaling \$14.978 million, and amend the FY 2008 ALCP and 2007 RTP Update as necessary. The Arterial Life Cycle Program (ALCP) Regional Area Road Fund (RARF) Closeout process was established in the December 19, 2007 ALCP Policies and Procedures. A fiscal analysis of ALCP revenues and expenditures and a list of eligible projects for the ALCP RARF Closeout were completed. After reviewing the output of the financial analysis, MAG staff recommended that three eligible projects are reimbursed in the FY2008 ALCP Regional Area Road Funds (RARF) Closeout. The Transportation Review Committee, the Management Committee, and the Transportation Policy Committee recommended advancing the reimbursements.

5F. Proposed Revisions to the MAG Enhancement Funds Working Group

The Regional Council, by consent, approved the proposed revisions to the MAG Enhancement Funds Working Group regarding the (1) leadership, (2) composition and (3) operating procedures of the Enhancement Funds Working Group. In April 1993, the Regional Council established the Enhancement Funds Working Group. The purpose of the Working Group is to make recommendations to the Arizona Department of Transportation Enhancement Fund Review Committee for the expenditure of federal transportation enhancement funds. Since the Working Group was established, some of the committees that provided representatives to the Working Group have ceased to exist and other vacancies have occurred on the Working Group. On May 14, 2008, the Management Committee recommended changes to the Working Group regarding (1) leadership, (2) composition and (3) operating procedures.

5G. Consultation on Proposed Transportation Conformity Processes for the 2008 MAG Conformity Analysis

Federal and state conformity regulations require that MAG consult with federal, state, and local air quality and transportation agencies on proposed processes for conformity analyses on the Transportation Improvement Program and the Regional Transportation Plan. MAG is distributing for comment the proposed processes to be applied beginning with the upcoming conformity analysis for an amendment to the FY 2008-2012 MAG Transportation Improvement Program and the Regional Transportation Plan 2007 Update. Comments regarding this material were requested by May 23, 2008. This item was on the agenda for consultation.

5H. Social Services Block Grant Revised Allocation Recommendations

The Regional Council, by consent, approved the revised FY 2009 Social Services Block Grant allocation recommendations reflecting the proposed funding reduction at the federal level. Under a planning contract with the Arizona Department of Economic Security (DES), the MAG Human Services planning program annually recommends allocations for locally planned Social Services Block Grant (SSBG) dollars to meet human services needs in the MAG region. On March 14, 2008, DES notified MAG that the U.S. Department of Health and Human Services is requiring revised allocation recommendations for SSBG funding reflecting a 19.722 percent budget cut proposed at the federal level. While it is hoped that the proposed budget cut will not be approved, a revised plan needs to be submitted to DES by the end of May. The MAG Human Services Technical Committee, the MAG Human Services Coordinating Committee, and the MAG Management Committee recommended approval of the revised SSBG allocations.

5I. Approval of the Draft FY 2009 MAG Unified Planning Work Program and Annual Budget

The Regional Council, by consent, approved the resolution adopting the Draft FY 2009 MAG Unified Planning Work Program and Annual Budget and the member dues and assessments. Each year staff develops the MAG Unified Planning Work Program and Annual Budget. The Work Program is reviewed in April by the federal agencies and approved by the Regional Council in May. The proposed budget information was presented incrementally and adjustments made as information was received. The Management Committee reviewed the development of the Work Program and Annual Budget at its meetings on January 9, February 13, March 14, April 9, and May 14, 2008. The Regional Council reviewed the draft budget document at its meetings on January 30, February 27, March 26 and April 23, 2008. Each year new projects are proposed for inclusion in the MAG planning efforts. The proposed new projects for FY 2009 were presented at the February 13, 2008 Management Committee meeting, the March 17, 2008 Executive Committee meeting, and the February 27, 2008 Regional Council meeting. Updates on new projects were presented at the March committee meetings. These new project proposals come from the various MAG technical committees, policy committees and other discussions with members and stakeholders regarding joint efforts within the region. These projects are subject to review and input by the committees as they go through the budget process. The review of the draft Work Program and Annual Budget for the Intermodal Planning Group meeting on April 2, 2008 did not result in any new recommendations for the FY 2009 Work Program and Annual Budget document. The recommendations from last year were implemented in the draft FY 2009 Work Program and include listing the Human Services Coordination Transportation Plan and adding an overview section to the budget document to assist in locating the current issues. A memorandum of understanding signed by the cooperating entities including MAG, the Regional Public Transportation Authority, Valley Metro Rail, and the City of Phoenix for cooperative planning between transit and transportation agencies was added in the appendix to the budget for FY 2008 and is included in the FY 2009 budget. The capital budget has been revised adding \$14,000 to include the purchase of computer equipment. The estimated total operating costs reflect a 5.04 percent increase from the current year. This increase is, for the most part, due to an accounting re-categorization of budgeted non-capital data purchases, moving this into an overhead line item. Overall including carryforward totals, the final draft budget for FY 2009 reflects a small increase of 1.25 percent from the overall budgeted amount in the current year. The MAG region,

as a Transportation Management Area and as a Metropolitan Planning Organization, is required (by federal regulations 23 CFR 450.314) to describe all of the regional transportation-related activities within the planning area, regardless of funding sources or agencies conducting activities. The regional transportation projects received from other organizations are noted in the Work Program.

5J. Regional Office Center Update

The Regional Council, by consent, approved the MAG Executive Committee recommendation to direct staff to do the following: 1) Pursue inspecting two properties for purchase located at 210 E. Earll and 111 W. Monroe and set up a tour of the locations within 30 days; 2) Investigate other property tax incentives, if any, that may be viable at the 210 E. Earll location; 3) Postpone the Guaranteed Maximum Price (GMP) on the Regional Office Center until information on the two purchase properties is provided; 4) Attain a market rate indicator for the agencies to identify financing position to buy and/or build; 5) Not accept the Letter of Intent (LOI) terms from Mr. Kaye for the 1st Avenue/McKinley site at this time.

On April 23, 2008, the MAG Regional Council approved the following: 1) Analyze the current agency leases and project staff growth and the amount that would be spent in the next 15 years and apply that amount as a tentative budget to consider at different development sites; 2) Direct staff to identify buildings for sale and/or lease in the Greater Phoenix Metro area; 3) Request David Kaye, the owner of the property at 1st Avenue/McKinley, to negotiate a first right of refusal on the property and terminate the payment of \$38,000 per month. These steps were followed, and on May 19, 2008, meetings of the Regional Office Center Working Group and the Regional Council Executive Committee were held. The consensus was to direct the staff to do the following: 1) Pursue inspecting two properties for purchase located at 210 E. Earll and 111 W. Monroe and set up a tour of the locations within 30 days; 2) Investigate other property tax incentives, if any, that may be viable at the 210 E. Earll location; 3) Postpone the Guaranteed Maximum Price (GMP) on the Regional Office Center until information on the two purchase properties is provided; 4) Attain a market rate indicator for the agencies to identify financing position to buy and/or build; 5) Not accept the Letter of Intent (LOI) terms from Mr. Kaye for the 1st Avenue/McKinley site at this time.

6. Transportation Planning Update

Kelly Taft, MAG Communications Manager, stated that in December 2007, the Transportation Policy Committee and Regional Council amended the FY 2008 Unified Planning Work Program and Annual Budget to include \$55,000 for a statewide survey to measure public attitudes regarding transportation. In February 2008, WestGroup Research was selected to conduct a random statewide sample telephone survey. She said that WestGroup recommended that three focus groups be conducted in addition to the telephone survey. Ms. Taft reported that the summary of the findings of the three focus groups was provided at the April 23, 2008 meeting. She stated that although the in-depth analysis of the telephone survey is still being conducted, Kathy DeBoer, Vice President of WestGroup Research, was present to provide the initial findings.

Ms. DeBoer stated that the purpose of the survey was to measure regional and statewide public attitudes, opinions, and interests relevant to addressing transportation mobility needs, including potential solutions and timing. She reported that the process began with three focus groups in Yavapai, Pima, and

Maricopa Counties in March 2008, which were conducted to discuss transportation issues and provide input into the polling instrument. This was followed by the telephone survey of 1,224 high efficacy voters, defined as participating in two out of three of the last general elections. Ms. DeBoer noted that quotas were set for gender, age, and political party. She said that of the telephone surveys conducted, 720 were in Maricopa County, 240 in Pima County, and 240 in the outlying areas. Ms. DeBoer stated that 48 percent of the respondents were male and 52 percent were female. The average age was about 54 years, and the average income was \$69,000. Ms. DeBoer stated that 46 percent were employed full-time, seven percent part-time, and 34 percent were retired. She noted that 44 percent were Republican, 38 percent Democrat, and 18 percent other party affiliation.

Ms. DeBoer then provided a review of the survey results. She said that participants were asked what they felt was the most important issue facing Arizona today. The top five in order were illegal immigration, the economy/ unemployment, education, gas prices, and the budget deficit. Ms. DeBoer stated that the next question asked the most important issue facing Arizona in the next five to ten years. She noted that the top two issues remained the same as the previous question, but the next three issues in order of importance were issues related to growth: water/water rights, growth/sprawl, and education.

Ms. DeBoer said that the next question asked what voters felt was the most important transportation issue in Arizona. The top five issues in order were lack of public transit, gas prices, not enough highways, traffic congestion, and road maintenance. She noted that the issues by subareas were lack of public transit expressed by Maricopa County participants at 30 percent; gas prices to the outlying area participants at 32 percent; and not enough highways to Pima County participants at 16 percent.

Ms. DeBoer stated that respondents were then asked a series of satisfaction questions. They were asked to rate their satisfaction with the transportation system in Arizona on a scale of one to five, with one the lowest and five the highest. She noted that 20 percent of the participants rated their satisfaction at very satisfied, with the outlying areas indicating they were the most satisfied at 26 percent. Ms. DeBoer stated that they were asked to rate their satisfaction with the transportation system in their area. She noted that 27 percent indicated they were very satisfied, and added that Maricopa County was 28 percent, Pima County 19 percent, and the outlying areas 31 percent.

Ms. DeBoer said that the next question asked about satisfaction with transportation elements in their area. She noted that the elements were freeways/highways, bicycle/pedestrian, streets/roads, and bus/transit. Ms. DeBoer stated that Maricopa County participants were more likely to be satisfied than Pima County participants except in the bus/transit component.

Ms. DeBoer stated that the next question asked about traffic congestion in their area. She stated that it was not surprising that the urban areas of Maricopa County and Pima County indicated traffic congestion was a major problem. Respondents were asked to indicate their traffic delay experience when they traveled around the state. She said that all agreed the most congestion was in Maricopa County, whether or not they were residents.

Ms. DeBoer stated that the next question asked what is the most important transportation improvements that could be made in your area. The top six responses were improving bus/circulator service, building

more roads/freeways, adding freeway lanes, adding/expanding light rail, controlling growth, and improving roads/highways. She noted that Maricopa County participants indicated a desire for improved transit, while Pima County participants indicated a preference for more roads and freeways.

Ms. DeBoer stated that the respondents were asked to answer yes or no to their willingness to support additional taxes by transportation solution. She noted that the top two responses were more freeway lanes and increasing transit routes and frequency. Ms. DeBoer stated that of Maricopa County participants, 68 percent indicated more freeway lanes and 63 percent indicated increasing transit. She stated that 71 percent of the Pima County respondents were willing to support high speed rail between Tucson and Phoenix. Ms. DeBoer stated that the least support overall was for new toll roads.

Ms. DeBoer stated that respondents were then asked to rate from one to five (strongly agree) their agreement with transportation solutions. She noted that the total number of participants was broken down into two groups due to the number of solutions. Ms. DeBoer stated that the participants were asked about the following eight solutions: (1) Any statewide transportation should include a map of improvements and when they would be built. (2) More public transit is needed to provide a way for commuters to get to their jobs during rush hour. (3) There should be more emphasis on public transportation, such as bus, light rail and commuter trains than on freeways over the next 30 years. (4) Significant investments need to be made to improve, repair, and maintain major streets. (5) Since Maricopa County residents travel throughout the state, a percentage of the money collected in Maricopa County should be spent on improvements outside Maricopa County. (6) Light rail or commuter trains that run from the suburbs to the centers of metropolitan areas are more important than expanding local and express bus routes. (7) I would prefer high speed train service between metro areas over transportation improvements in my area. (8) I would support a tax increase for transportation improvements in my area even if it meant that the total sales tax in my community would be greater than 10 percent.

Ms. DeBoer stated that the solutions rating highest in order were: any plan should include a map; more public transit is needed for commuters; emphasize public transit more than freeways; significant improvements are needed for streets and roads; a percentage of the money in Maricopa County should cover improvements outside Maricopa County; light rail or commuter rail should be more important than buses; and prefer light rail or commuter rail over local improvements. Lowest on the list was the option of supporting a tax even if it meant the tax rate would exceed 10 percent in their local community.

Ms. DeBoer stated that participants were asked their perspective if technical studies should be conducted prior to a statewide proposition. She advised that the two options of doing the studies first and moving forward now were each favored by 46 percent of the respondents.

Ms. DeBoer stated that participants were asked their perspective on the economy and taxes. Forty-seven percent felt that increased funding for transportation would help the economy. Forty-eight percent felt that now is not the time for new taxes.

Ms. DeBoer stated that the participants were asked to give a rating of one through five (strongly agree) on their agreement with funding solutions. Sixty-four percent felt that permanent transportation funding

is needed to continue to meet transportation needs; 59 percent felt that current funding is not adequate to keep pace with the state's growth over 30 years; 36 percent felt that a smaller package of transportation projects was preferable; and 31 percent were likely to support a transportation tax if taxes for other programs, such as education and healthcare, were included.

Ms. DeBoer stated that voters were asked to distribute \$100 on transportation options. The commuter trains and high speed transit options were divided into two groups, and all other questions were asked of the entire group. The options included freeways/highways, street/road improvements, commuter trains from the suburbs to metro areas, high speed transit from Phoenix to Tucson or Flagstaff, light rail, or bus service. Ms. DeBoer said that the most notable difference was in the Pima County respondents. In Version One, they distributed \$32 to street/road improvements; in Version Two, they distributed \$24 to street/road improvements and \$20 to high speed transit between Phoenix and Tucson.

Ms. DeBoer stated that the participants were told that Maricopa County generates 67 percent of the sales tax and makes up more than 60 percent of the state's population. They were then asked, based on this information, what is the percentage of a statewide tax do you believe should be spent in Maricopa County? Ms. DeBoer noted that the average of the percentages given was 53 percent, with 56 percent indicated by Maricopa County respondents, 50 percent by Pima County respondents, and 48 percent by the outlying area respondents.

Ms. DeBoer stated that the participants were asked to rate on a scale of one through five (strongly support) their support for transportation funding options to improve transportation in the state. The options provided to the participants included increasing developer fees, dedicate a portion of future growth tax revenues, broaden the sales tax base, increase vehicle license fees, adjust the gas tax to rise with inflation, take money from other public programs, increase the statewide property tax, build toll roads where there is no funding to build new roads, and increase the personal income tax. Ms. DeBoer stated that the top two preferences indicated were increasing developer fees and dedicating a portion of future growth tax revenues.

Ms. DeBoer said that the next question asked, "Based on your responses to the two previous questions, for what period of time would you support a tax before a review for continuation?" Ms. DeBoer stated that 70 percent indicated 20 years, 12 percent indicated permanently, six percent indicated 30 years, and 12 percent did not know.

Ms. DeBoer stated that the next question asked, "There is a proposed proposition to the ballot in November to increase the statewide sales tax by one percent. Revenue would dedicate 58 percent to building new freeways and expanding existing freeways, including I-10 and I-17, give 20 percent to local transportation improvements, give 18 percent to expanding bus and rail transit statewide, and give four percent to transportation projects and open space preservation. Would you vote yes in favor of increasing the tax, or no in opposition to increasing the tax?" Ms. DeBoer said that 24 percent indicated they would definitely support a statewide sales tax for transportation in November 2008 and 30 percent indicated they would probably support, for a total of 54 percent.

Ms. DeBoer stated that the next question posed to the participants was whether they would prefer to delay a transportation tax to a ballot in 2010, rather than in 2008, which would provide time for technical studies to be completed. She said that 57 percent of the participants indicated their preference to delay the vote, and 38 percent indicated their preference to not delay the vote. Ms. DeBoer stated that 50 percent of those who indicated they would support a statewide sales tax for transportation were among the 38 percent who said no delay. She stated that 70 percent of those who indicated they would vote no on a statewide sales tax for transportation said to wait until 2010.

Ms. DeBoer stated that the last question asked participants to rate on a scale of one through five (very likely) the likelihood they would vote for a candidate supporting the sales tax for transportation. Thirty-seven percent gave a rating of four or five. Ms. DeBoer stated that 59 percent of those who indicated they would support a statewide sales tax for transportation would support a candidate who supported the tax. Chair Cavanaugh asked members if they had questions.

Mayor Gamez asked the length of the telephone survey. Ms. DeBoer replied that the telephone surveys averaged 17 to 20 minutes in length.

Mayor LeVault asked the margin of error. Ms. DeBoer replied that the margin of error was 2.9 percent.

Chair Cavanaugh asked if the comments received at the Transportation Policy Committee meeting had been incorporated in the report. Ms. DeBoer replied that they had been incorporated.

Mayor Manross asked about the technical studies. She noted that one response indicated they wanted more information, such as a map, but in another response, 48 percent indicated that enough technical studies had been done. She asked if there was a conflict. Ms. DeBoer stated that with the respondents who supported the need for a map, this indicates they want to see where their taxes will be going. In the other question, the respondents are saying they feel they know enough to move forward. Mayor Manross asked how the public would know that sufficient technical studies had been done. Ms. DeBoer replied that it is just their general perception. She added that they were trying to find out if people feel it is prudent to do more technical studies or whether they are tired of transportation problems and want to move forward. Ms. DeBoer noted that the results revealed that the respondents were split. Chair Cavanaugh thanked Ms. DeBoer for her report.

7. MAG 208 Small Plant Review and Approval for the Proposed Preserve at Goldfield Ranch Water Reclamation Facility

Chair Cavanaugh stated that the proposed Preserve at Goldfield Ranch Water Reclamation Facility has been in the MAG process since fall of 2007. He commented that there have been strong support and strong opposition to this project. Chair Cavanaugh stated that serious questions were raised about the facility by Fort McDowell Yavapai Nation and the Salt River Pima-Maricopa Indian Community (SRPMIC). He stated that the recommendations by the MAG Water Quality Advisory Committee and the MAG Management Committee for approval of the application passed by very narrow margins, and it was obvious there were concerns then. Chair Cavanaugh stated that MAG received a letter from Salt River Project (SRP) that they felt in at least one instance the application was flawed. Chair Cavanaugh

stated that he then received a letter from the President of SRPMIC who requested a delay in the deliberations by 30 days to allow them to contract with an independent consultant to study the issues raised by SRP and the Indian Communities. Chair Cavanaugh stated that he agreed to do that, but he also made a commitment to have this item on the May 28th agenda, hopefully for an up or down vote. He stated that staff would make a report, followed by comments by the applicant, public comment, and comments by the Regional Council or their representative speaking on their behalf.

Julie Hoffman, MAG staff, stated that Maricopa County has requested that MAG review the Preserve at Goldfield Ranch Water Reclamation Facility through the Small Plant Review and Approval Process of the MAG 208 Water Quality Management Plan. She stated that the proposed facility would have an ultimate capacity of 400,000 gallons per day and effluent would be disposed of through reuse and recharge. The Fort McDowell Yavapai Nation and the Salt River Pima-Maricopa Indian Community are within three miles of the project and both have expressed concern about the Draft Small Plant Review and Approval.

Ms. Hoffman stated that on May 22, 2008, the MAG Water Quality Advisory Committee considered the consultant report prepared by HDR for the Salt River Pima-Maricopa Indian Community regarding the Small Plant Review and Approval for the Preserve at Goldfield Ranch Water Reclamation Facility. She noted that at the meeting, HDR presented the key points of concern in the report, the applicant's commitments made to address these concerns, and the remaining unresolved concerns. Ms. Hoffman stated that the Goldfield Preserve presented its response and commitments to address the key points of concern. She advised that following discussion, the Committee recommended that the Preserve at Goldfield Ranch Water Reclamation Facility 208 application in its current form be denied. Ms. Hoffman noted that the current form of the 208 application did not include the new commitments made by the applicant.

Ms. Hoffman stated that following the MAG Water Quality Advisory Committee meeting, the applicant revised the Small Plant document to incorporate the commitments. On May 27th, the SRPMIC and its consultant met with the applicant. Ms. Hoffman reported that based on the meeting and commitments made by the applicant, the SRPMIC indicated in a letter they would not be in opposition to the application at the Regional Council meeting, and that they have ongoing concerns which will be addressed in the forthcoming regulatory application reviews. Ms. Hoffman stated that a letter had also been received on this item from Wendy Riddell, Berry and Damore and attorney for the applicant, providing additional language to address the issue of regional planning. In addition, letters were received from the Fort McDowell Yavapai Nation and SRP.

Ms. Riddell, from the law firm of Berry and Damore and representing the applicant, expressed her thanks to Chair Cavanaugh for his leadership on this application. She said that the applicant objected to the delay, but it is clear through Chair Cavanaugh's leadership that this application is improved and is a better application. Ms. Riddell stated that they are grateful that SRPMIC has withdrawn its opposition. She then proceeded to provide a presentation to the Regional Council.

Ms. Riddell stated that the Preserve at Goldfield Ranch is located within 5,000 acres of unincorporated Maricopa County that is surrounded on three sides by the Tonto National Forest and the fourth side by

the Fort McDowell Yavapai Nation. She commented that this community has no choice but to grow its own infrastructure by developing a wastewater reclamation facility or develop on septic. Ms. Riddell noted that a wastewater treatment facility is more environmentally responsible than septic. She pointed out because the other facilities in the area are all situated on the opposite side of the Verde River, or do not have the capacity, or sit substantially up gradient, they have no choice but to pursue a wastewater reclamation facility.

Ms. Riddell stated that their plan still has many hurdles ahead. It needs to go through the Aquifer Protection Permit (APP) process at the Arizona Department of Environmental Quality (ADEQ), obtain an underground storage facility permit from the Arizona Department of Water Resources (ADWR), and get approval from Maricopa County. Ms. Riddell stated that meetings with Fort McDowell on this project first began three years ago.

Ms. Riddell presented a summary of modifications they have made in response to comments by Fort McDowell. Ms. Riddell stated that they were asked to provide a site plan, which they did. They were asked to increase operating and maintenance costs, which they did. They were asked to expand the service area to include Parcel B and offsite parcels, and they agreed that it made sense to reduce the amount of septic and include Parcel B. Ms. Riddell stated that they modified the application to allow for reuse to the maximum extent feasible. She stated that they were able to demonstrate that other concerns would be addressed through the APP and USF processes through ADEQ, ADWR, and Maricopa County. Ms. Riddell stated that even though Fort McDowell does not support the application today, she felt that their remaining concerns would be addressed through the process.

Ms. Riddell presented a summary of modifications in response to comments by the Salt River Pima-Maricopa Indian Community. She stated that most importantly, they committed to meet surface water quality standards even though this is not a requirement. Ms. Riddell stated that they included provisions of redundancy for power and holding capacity in the event of an emergency and added that the emergency plan is part of the APP process. She stated that they expanded the service area to include Parcels C and D to reduce the amount of septic as much as possible. They clarified the limited ability for commercial development and specific uses identified within the approved Amendment to the Development Master Plan. Ms. Riddell commented that there seemed to be confusion that commercial development will happen in the area. She explained that there is no traditional commercial, but is the possibility of a special use permit for a resort/spa that has been taken into account. Ms. Riddell stated that they modified the application to clarify financial assurances that would be required by the County Improvement District (CID). She advised that the facility will be owned, operated, and maintained by the CID, which was established on August 8, 2007. Ms. Riddell stated that they included additional provisions to ensure the qualifications of the ultimate operator. They committed to increase the sizing of basic infrastructure of lift stations, force mains and gravity sewer to allow for regional planning. Ms. Riddell stated that this reflects the desire to reduce septic to the maximum amount possible. She said that they also confirmed the responsibilities of the CID. When the County approved the CID, as part of the approval, it was stated that the “district is intended for the purpose of acquiring, operating and maintaining domestic water and wastewater facilities.” Ms. Riddell noted that this confirms that the County will ultimately have oversight of the facility.

Ms. Riddell reviewed the 208 small plant criteria for facilities outside a Municipal Planning Area. “To be approved for construction, a small wastewater treatment plant (2.0 MGD ultimate capacity or less) not otherwise mentioned in the MAG 208 Plan and located outside a Municipal Small Plant Planning Area must: (1) Have the review and comment of any municipality whose Small Plant Planning Area is within three miles of the proposed plant location or service area; (2) Not adversely affect the operation or financial structure of existing or proposed wastewater treatment plants; (3) Be consistent with State and County regulations and other requirements; (4) Be otherwise consistent with the MAG 208 Plan; (5) Be evaluated and approved, or modified by Maricopa County Environmental Services Department.” Ms. Riddell stated that Maricopa County is the sponsor of this application and she requested the support of the Regional Council. Chair Cavanaugh thanked Ms. Riddell for her presentation.

Chair Cavanaugh recognized public comment from Randy Haines, a resident of Goldfield Ranch. Mr. Haines expressed that he understood the concerns of the Salt River Pima-Maricopa Indian Community. He commented that some of the concerns have been resolved, but some remain. Mr. Haines stated that one remaining concern is the financial capability of the developer to fund the CID. He stated that he understood the treatment will be very high tech and expensive to maintain and operate. Mr. Haines stated that there is no evidence in the application that the developer will be able to provide the financial assistance the CID needs. He reported that at the Water Quality Advisory Committee meeting, the developer claimed it had \$4.8 million in equity, which will be gone by the end of the year, because The Ellman Companies will take a \$5 million performance bonus. Mr. Haines stated that The Ellman Companies did not provide any guarantee--in its letter, there is reference to financial assurances, but there was no guarantee. He questioned where the financial assurances will be at buildout in 2035. Mr. Haines commented that this is a major concern of residents. He also stated that they had always been told there was a clay layer to protect their aquifer from being polluted by effluent, but now they are hearing from the SRPMIC consultant and Salt River Project that the clay layer does not exist or is leaky and inconsistent. Mr. Haines requested that the Regional Council heed the recommendation of the Water Quality Advisory Committee and deny this application. Chair Cavanaugh thanked Mr. Haines for his comments.

Mayor Hallman asked Mr. Haines how he currently dealt with the effluent from his property. Mr. Haines replied that the individual homes are on septic systems. Mayor Hallman asked Mr. Haines if they tested the quality of what is leaching out of their septic tanks. Mr. Haines replied that they did not. Mayor Hallman asked what assurances are there that the current septic systems are not leaching contaminants into the same aquifer. Mr. Haines replied that he was not sure there were any assurances. He added that the best protection they have is to space their septic from their wells. Mr. Haines stated that their concern is that a massive sewage facility be of a quality that it would not pollute the aquifer. He said that he is suggesting that this be a better plant with financial capability to operate it.

Mayor Hallman commented that there have been significant efforts put forth on this item, based on the length of time MAG has been dealing with it. He extended his personal thanks to SRPMIC and President Enos for her leadership. Mayor Hallman remarked that it is an uncomfortable position for a community standing alone in the face of significant political pressure. He stated that he wanted to make a motion that could be the subject of discussion.

Mayor Hallman moved to approve as part of the MAG 208 Water Quality Management Plan, the Preserve at Goldfield Ranch Water Reclamation Facility as revised on May 23, 2008, with additional modifications and assurances made in the letter from the applicant's counsel to Dennis Smith dated May 27, 2008 and to acknowledge that Maricopa County formed a County Improvement District on August 8, 2007, for the purposes of acquiring, owning, operating and maintaining the treatment plant once constructed, and to forward to the Arizona Department of Environmental Quality issues that are appropriate to be resolved in the Aquifer Protection Permit process for the facility including: (1) Injection of reclaimed water into the same aquifer that will be used for a drinking water source; (2) A specific sludge management plan for the facility. Mayor Dunn seconded.

President Enos thanked the Regional Council for the opportunity to address this issue. She noted that the community's consultant, Guy Carpenter with HDR, was present. President Enos pointed out that in the materials provided on this agenda item, the response letter from the developer under the heading of Berry and Damore, says that Maricopa County will have oversight of the proposed plant ultimately. She commented that she still had serious concerns on the proposed plant. President Enos noted that in a letter from SRPMIC to Dennis Smith, in paragraph two, it says that the applicant addressed their liability concerns when he stated that Maricopa County will own, manage, and operate the treatment facility once constructed. She commented that in their minds, owning the facility means that the County will assume all liability in the future if there is a plant failure or unforeseen event. President Enos requested that Mr. Carpenter provide a review of the issues the community's staff discussed with the developer. She added that her community raised a lot of technical questions and they relied on the HDR hydrology experts.

Mr. Carpenter stated that SRPMIC received a letter of commitment from the applicant and they felt that a lot of the commitments satisfied the technical criteria for a MAG 208 small plant. He stated that they presented their final concern about the regional plant issue and spent a lot of time to come up with an economically feasible solution to make this a regional facility. Mr. Carpenter commented that in the discussions they had, he felt the applicant did that to the maximum extent possible in regard to serving as a regional plant. He explained that they calculated how much additional capacity was in the existing infrastructure and assured the SRPMIC with the improvement of additional infrastructure that available capacity could be conveyed to the reclamation plant. Mr. Carpenter stated that from a technical standpoint and from a regional facility standpoint in his professional opinion those technical issues were addressed sufficiently and that is what he told the SRPMIC.

Mayor Manross asked for clarification of the applicant. Mr. Carpenter replied that the applicant is the Preserve at Goldfield Ranch, The Ellman Companies, but the CID Board of Directors is the Maricopa County Board of Supervisors.

Mayor Manross asked Mr. Carpenter for his reaction to SRP's concern in their letter that it is not justified or correct at this time. Mr. Carpenter replied that there is inconclusive evidence there is a protection layer between the aquifer where water is proposed to be injected and the subflow of the Verde River, which is why the applicant came back with a commitment to meet the surface water quality standards associated with this reach of the Verde River. Mr. Carpenter stated that SRP is still concerned about that and stated that in a letter dated May 28th. He added that he was in agreement that there is

some concern, but he believed it would be dealt with at the Aquifer Protection Permit application level with ADEQ.

Mayor Manross asked Mr. Carpenter if he had an idea how this will be addressed at ADEQ. Mr. Carpenter replied that in state rules for surface water and groundwater quality, there is a clause in each place that refers to the other. He said that he felt what would happen, although this has not been done before, most likely during review, for groundwater quality standards they would look at surface water quality standards. Mr. Carpenter said that although he did not know, the department might require the applicant to do some modeling or something like that to look at how the water would move from where it was injected into the river and back calculate what might need to be done to protect the river. He said that this would most likely be done under the Aquifer Protection Permit application. Mr. Carpenter stated that they probably will not need to have an Arizona Pollutant Discharge Elimination System permit because it is not considered a point source to the river.

Mayor Schoaf referred to the commitment to meet surface water quality standards and asked if they will still start with A+ effluent. Ms. Riddell replied that was correct, but they would go beyond that. Mayor Schoaf asked if that was in the application now. Ms. Riddell replied that was correct. Mayor Schoaf asked if there was a commitment to utilize a Class 3 operator. Ms. Riddell requested time to consult with her colleagues on the answer.

President Enos stated that was an excellent point she wanted to address. She referenced Section 4.4 discussed in the applicant's letter dated May 27th to Dennis Smith, as to who will operate and maintain the plant and system. President Enos stated that in Tuesday's meeting the applicant affirmed to SRPMIC staff they will not use the original A Quality Water Company they proposed, which was in Williams, Arizona and operated from a house. She stated that regulations require an operator be on-site within three hours, and it would not be possible to come from Williams to Goldfield in that amount of time.

Ms. Riddell, after consulting with her technical colleagues in response to Mayor Schoaf's question about the class of operator, confirmed that Section 4.5 specifically states that they will have a Grade 3 facility per Maricopa County Environmental Health Code, Chapter 2, Regulation 4.A. Ms. Riddell further noted that President Enos was correct, and for the record, she confirmed that the A Quality Water Company that was established will not be the ultimate provider for this site, and they will meet the commitments set forth in the application.

President Enos stated that she appreciated the clarification, because the letter says that the collection system will be operated and maintained by A Quality Water Company (Appendix E) or such operator. She stated that she would abstain on any motion for approval of this proposal because of the concerns stated in the SRP letter, which are their concerns as well. President Enos stated that the SRPMIC does not take lightly their stewardship of the environmentally sensitive Verde and Salt Rivers. She said that the rivers are important to tribes, cities, the Valley and the future of this society. President Enos stated that they will follow this application process and ensure these folks' feet are held to the fire because this is an environmentally sensitive area. She stated that the May 28th SRP letter to Dennis Smith was signed by the SRP Manager for Water Rights and Contracts, David Roberts, who raises the same concern they

have that the Pemberton Ranch formation and the aquifer above and below it are hydrologically linked to the subflow of the Verde River. The letter further states that they remain very concerned about the potential effect of the discharge of effluent from the development on SRP shareholder water supplies, most of which is used as a drinking water supply by the Valley cities, Fort McDowell and others, and President Enos added SRPMIC. She stated that they also share the concerns of Fort McDowell. President Enos acknowledged the assistance of Chair Cavanaugh to have the 30 day delay to get the technical points addressed. She added that she appreciated that the developer conceded a lot. President Enos stated that their concerns, in addition to those in the Fort McDowell and SRP letters, are about quantifiable water rights to the Salt and Verde Rivers and any effects. She stated that the development has not yet met that point in the process where they have to answer about the effects on their water rights and shareholders' water rights. President Enos stated that they still have concerns about the injection process being proposed and aquifer protection, which they are going to follow at all levels of regulation and potential approval. She stated that it is of utmost concern to the SRPMIC that this project is even proposed in the desert within three miles of their lifeblood. President Enos stated that they will watch this application every inch of the way—it is their sacred duty.

President Pattea stated that this was the first time he had attended a Regional Council meeting and expressed that he was pleased to have met with the Regional Council. He stated that the Fort McDowell Yavapai Nation was not satisfied that the applicant had adequately addressed the issues they had expressed to them. He requested that his staff review the letter the Nation submitted that day.

David Bodney, representing Fort McDowell Yavapai Nation, summarized the Nation's three concerns: (1) water quality; (2) financial security; and (3) public safety. For item one, Mr. Bodney referenced the May 28th SRP letter which states that they remain very concerned about the potential effect of the discharge of effluent from the Preserve development on SRP shareholder water supplies, most of which is used as a drinking water supply by the Valley cities, Fort McDowell Yavapai Nation and others. Mr. Bodney stated that the letter concludes that a decision by MAG to allow the discharge of effluent to an aquifer that is hydrologically linked to the Verde River in such close proximity to drinking water supplies is not justified at this time. He stated that the May 13th letter from ADEQ expresses very serious concerns about water quality, which needed to be addressed before going to the Regional Council for action. For item two, Mr. Bodney stated that the May 21st letter from Maricopa County is rather porous in its protection of financial security. He quoted from the letter, "At the time of dedication, the Board of Directors of CID will require the developer to provide adequate and appropriate financial assurances related to the impact of the operations and maintenance of the WRF." Mr. Bodney questioned what are they and will they be adequate? What baseline protections does the association have before it now? For item three, Mr. Bodney stated that it is a matter of public safety. He asked if MAG should, based on what has been heard from SRP, SRPMIC and Fort McDowell, move forward and give it an opportunity to snowball and gather momentum and figure it out as we go, or say stop and take a breather and if that means going back to the drawing board, then that is what is needed to protect water quality, health and safety. Mr. Bodney stated that he understood the desire to move forward, but that does not mean it is the end of the road, just take more time to answer questions on water quality, financial security and public safety. On behalf of Fort McDowell, he asked Dr. Carole Klopatek to present the community's concerns.

Dr. Klopatek stated that one issue she wanted to address was the CID. Before the Regional Council was a letter from Maricopa County dated May 21st that says it will not take on the financial capabilities of this 208. She said the Nation has been saying since day one “prove your financial capabilities.” Dr. Klopatek stated that they analyzed financial documents and hired a CPA who is also an attorney who dissected the financial capabilities. She stated that since 2006, they have had \$22 million in interest at a 10.3 percent interest rate for a \$140 million loan, and 23 plus consultants. Dr. Klopatek stated that Mr. Ellman receives \$125,000 per quarter for managing the loan. In total there is more than \$22 million in financial burden. She stated that they say they have \$4.8 million and they will be paying a \$5 million performance bonus to Mr. Ellman. Dr. Klopatek asked where was the financial security? She said they sent this to the County, but the County refused to answer. They have sent letters to MAG, to the Water Quality Advisory Committee and the Management Committee and there has been no response from the developer. Dr. Klopatek stated that in the May 27th letter to MAG from President Enos, the developer committed that the County will own, manage, and operate the treatment plant, yet stated in the May 21st letter and in the documentation, the County never states it would own, operate or manage and it states that the developer is to provide adequate and appropriate financial assurances in regard to operations and maintenance and to build the structure. Dr. Klopatek stated that they were turned down for a Domestic Water Improvement District (DWID) because the County said it was the financial responsibility of the developer to build the structure. A CID was approved rather than a DWID. She asked who is responsible? If it is the County, then they should be the applicant.

Mayor Hallman stated that Dr. Klopatek had raised serious questions. He said that she mentioned that the developer incurred \$22 million in interest and fees and asked how many consultants they had. Dr. Klopatek replied that one year ago they had 22-plus consultants. Mayor Hallman asked her estimate of consultant costs. Dr. Klopatek replied that she did not know, but assumes it is in the hundreds of thousands of dollars.

Mayor Hallman asked Dr. Klopatek if she was concerned that the consultants were going unpaid and might put a lien on the property. He said that he wanted to understand the basis for her concerns. Mayor Hallman stated that she asserted they had incurred significant financial obligations to consultants and did she know if they had been paid. Dr. Klopatek stated that she was not privy to Mr. Ellman and his financial background other than what was presented, which calculates to interest of \$22 million being owed.

Mayor Hallman asked Dr. Klopatek if she thought the interest was not secured. Dr. Klopatek replied that she did not think the interest needed to be repaid until April 2009. She added that she believed that Credit Suisse lent the \$140 million. Mayor Hallman asked if she had any idea of what the credit worthiness of the borrower has to be to borrow \$140 million. He said that usually a lender has something to back up the debt. Mayor Hallman asked Dr. Klopatek if she had any indication that the lender feels insecure it will be repaid. Dr. Klopatek stated that if the applicant can provide they have additional financial capability, they asked them to prove it and they have not. She added that the burden is on the applicant to prove financial capability.

Mayor Hallman commented that the financial burden is on the County and he looked to the County to stand behind what they put in their letter. He added that he thought her paraphrasing was not fair.

Mayor Hallman stated that he expected the Regional Council to recognize its role in the process and will look to the Board of Supervisors to uphold its obligation in this process. He quoted the May 21st letter from the Board of Supervisors, "The County will not accept any proposal that will create any significant financial burden to the future property owners within the CID." Mayor Hallman stated that means the Board of Supervisors has committed to do their job as managers of the County to ensure the CID has the financial capacity to uphold the obligations, including risks associated with the operation of this facility. Mayor Hallman stated that he would look to the County that it upholds its obligation to the residents of this county. Dr. Klopatek stated that the CID says the developer will construct the facility and convey it to the District at no cost to the District or homeowners. She said they assume the financial burdens are the building and construction of the facility because it says it will be turned over without cost to the homeowners.

Mayor Hallman stated that the Board of the CID is the Board of Supervisors. As elected officials, the Supervisors recognize their failure to uphold their obligations to the residents of the County would place them at risk. Mayor Hallman stated that is what he thought was conveyed in their letter. He stated that the Supervisors will be held accountable politically and financially associated with the operation of this plant. Mayor Hallman stated that their assurances in their letter make him comfortable. This process has many more steps and one step is going through the Board of Supervisors. He stated that he was not prepared to do the ADEQ's the Board's and everyone else's job that goes into this and did not think it is appropriate to pull down the entire process and create it as a 208 permit.

Mayor Hallman asked Supervisor Stapley to confirm or deny the intentions of the Board of Supervisors that they will assure the Regional Council it will not accept any proposal that will create a significant financial burden to future property owners within the CID. Supervisor Stapley confirmed that was correct.

Dr. Klopatek stated that if that is the case, they would still like to see an interim financial statement showing the developer has the financial capability for the long-term obligation that will be required.

Mayor Hallman asked Dr. Klopatek if it was her understanding that the plant will be built after people build homes and moved into them. Dr. Klopatek replied that the plant will be built first. Mayor Hallman asked how many lots did she think would be sold if the homeowners would not be assured that the plant will work when they flush their toilets. Dr. Klopatek stated that was hypothetical and she could not answer that. Mayor Hallman stated that in his understanding of Arizona law, if you build a plant with misrepresentation to the landowners who buy the lots, there will be a lawsuit. He stated that he could not sit as a Regional Council member and make every decision for every other elected body involved in this process.

Mayor Hallman stated that what compels him to a position of great discomfort is his respect for the Fort McDowell Yavapai Nation and he thinks the real concern is a project that would undermine the sacred lands and views from Fort McDowell to Four Peaks, which is not addressed in the 208 process. Mayor Hallman stated that what concerns him is that the SRPMIC is concerned about the effects on their quantifiable water rights and the water rights of every shareholder in the Valley. He stated that the City of Tempe has water rights due to the graciousness of Fort McDowell and SRPMIC. He added that these

are concerns to him, but he was not going to drag that into the 208 process. Mayor Hallman stated that MAG needs to deal with issues in the 208 process. He stated that President Enos is in a difficult position and he assured her he will stand by her side on these issues. Mayor Hallman stated that it was only in consultation with other jurisdictions that he had drafted his motion. He asked that MAG focus on the 208 process and not everything outside of that. Mayor Hallman stated that he would continue to watch that the Board of Supervisors uphold their obligations to the community.

Dr. Klopatek stated that not once did Fort McDowell say they objected to this development. Mayor Hallman stated his understanding for the cultural basis of concerns. Dr. Klopatek stated that Fort McDowell has tried to work out issues with the developer but the developer chose instead to work with SRPMIC. Mayor Hallman commented that he had tried to meet with Fort McDowell's leadership directly and through Fountain Hills, but received no response. He stated that he offered his assistance to address concerns, but not getting any response, he was hard pressed to receive a letter dated May 28th and listen to comments about issues outside the 208 process. Mayor Hallman stated that he still offered his offices, goodwill, and hand of friendship to President Pattea to attempt to address the issues raised, but the 208 process is not the place to do that anymore. Dr. Klopatek stated that Fort McDowell's Council wanted to meet with the Fountain Hills Council because of their existing relationship, but did not receive any response on a joint meeting.

Dr. Klopatek continued with a review of Fort McDowell's concerns. She spoke about insufficiency in adequate redundancy with regard to the facility. Dr. Klopatek advised that the applicant states that there will only be a provision for a total plant holding capacity to handle two times the average daily operating level of the WRF. What will happen on days three, four, or five? Also, what happens when the wells are turned back on? Will there be enough capacity in the injection well to inject both the incoming effluent and the stored effluent? Dr. Klopatek stated that these wells have had problems in such places as Fountain Hills and Scottsdale. She noted that they do fail and are very expensive to maintain, in the \$100,000 to \$125,000 range. Dr. Klopatek stated that the developer has yet to commit to a specific treatment plant. She said that the applicant states that they may use a complete mix system, but has not confirmed that. Dr. Klopatek stated that they cannot evaluate the potential impacts without this commitment. Dr. Klopatek commented on sludge management. She stated that the developer said they will not dewater on site, and that sludge will be trucked to another facility for processing. Dr. Klopatek stated that the applicant has no agreement with any company to do that. She asked what will happen to the sludge when the trucker does not show up? Dr. Klopatek stated that without an agreement, they have to assume that the sludge management will be done on site. However, even they state that the site is too small for this. Dr. Klopatek explained the community's concern for Parcel E. She said they asked the developer what will happen on it. The developer says there will be no commercial uses, but has planned a resort under a special use permit. Dr. Klopatek stated that they do not know what kind of development will occur on Parcel E.

Mayor Hallman asked for clarification if it was Dr. Klopatek's accusation that even though the developer disclosed they will go forward with a resort and as their own counsel stated they included its output as part of the calculation of the plant's capacity, she was not satisfied. Dr. Klopatek replied that the development they are referencing is parcels A, B, C and D, not Parcel E. She clarified that they did not understand what was happening with Parcel E. In conclusion, Dr. Klopatek stated that Fort McDowell's

concerns were reflected in their May 28th letter. She said they have not receive adequate information and they cannot say they are without concerns. Dr. Klopatek stated that they feel the injection wells will interfere with their water because there are no other wells that pump directly above where drinking water wells stand. She added that they believe just as SRP does that there is a connection to the Verde River and that their water will be tainted by this development using injection wells and therefore proving that the feasibility has not been met.

President Pattea thanked the Regional Council and expressed his appreciation for the opportunity to express their views and issues.

Supervisor Stapley thanked those who participated in this process and expressed his appreciation for the support given to the County as the sponsor of this application. He said he wanted to reaffirm to Mayor Hallman and the rest of the Regional Council that they take this responsibility seriously. Supervisor Stapley stated that they selected this methodology because they are a fiscally conservative Board. He pledged to President Enos and President Pattea that the County will work with them, as President Enos said, every inch of the way, and want to ensure they are satisfied. Supervisor Stapley stated that it has been demonstrated here tonight that many of the questions that are appropriate to be resolved at this point in the process have been resolved. He stated that the County will work closely with ADEQ and ADWR on the technical aspects of this development. Supervisor Stapley invited the communities to provide their input and assured them that nothing will be done that cannot be financially proven and adequately maintained and operated. He stated that this is the Board's responsibility with the CID process.

Mayor Hawker stated that the motion says for the purposes of acquiring, owning, operating, and maintaining the treatment plant, so the obligation of the County would be to any repair or maintenance if there was a catastrophe or failure of the injection wells. He asked if his understanding was correct that through the CID, the County would be integrally linked to support the CID. Supervisor Stapley replied that Maricopa County formed the CID, for the purposes of acquiring, owning, operating, and maintaining the treatment plant. He stated that the CID would operate it. Supervisor Stapley stated that the Maricopa County Board of Supervisors would be the Board of Directors for the CID, similar to the lighting districts in municipalities. He said the Supervisors have hundreds of these districts. Supervisor Stapley stated that the issue is whether the district is adequately funded and they will not take it on unless it is.

Mayor Hawker stated that made more sense, otherwise, every single financial disclosure will look at your contingent liabilities and be hesitant. He stated that he wanted to confirm the financial capabilities are of the CID and the assessed value of the lots and not the County. Mayor Hawker stated that this gave him pause, because it is a small group to take on this type of challenge. It concerned him if there were problems with the system.

Mayor Hallman stated that every municipality has a variety of improvement districts and chooses to put them on their financial statement or not. This also affects the ability of the district to acquire the resources and assets to build facilities bonded or borrowed against, and that is where the use of the private sector is helpful. Mayor Hallman stated that to finance a plant like this, financial institutions

have to have assurances they will get their money back because the contingent liability of plant failure can be controlled so as not to destroy the asset base being pledged. Mayor Hallman stated that he does not rely on the private sector entirely because of free rider problems. He said that the jurisdictions are here in case the private market does not entirely protect communities. Mayor Hallman stated that he was relying on the Board of Supervisors to take the appropriate steps to be mindful they will be making decisions on the CID as it goes forward, that the Board will uphold the faith that all County residents have placed in them to protect their interests.

Mayor Berman stated that his concern was the vision of Paradise Valley leaders telling their residents to boil their water when they had a recent water contamination. He said he consulted with his Town's Public Works Director, who is a water specialist, and asked him if this project was safe and would it pollute their water. Mayor Berman stated that his Director told him that it would not. The director told him that any plant has the potential to pollute, but as far as this plant, it will be built to standards, as every other plant, and will be as safe as any other. Mayor Berman noted that they did not discuss financial implications. Mayor Berman stated that his Director assured him the plant would be safe and he would not have to go on television and tell his residents to boil their water. He added that this resolved his concerns to his satisfaction.

Mayor Manross asked for clarification of her understanding that the County taxpayers would not assume liability if there were problems at the plant. Supervisor Stapley replied she was correct, it would not be a responsibility of the general fund. He added that it would be no different than a lighting district.

Mayor Schoaf stated that he echoed Mayor Berman's comments. He said that he takes the responsibility of water quality seriously. Mayor Schoaf stated that after reviewing the agenda material, he went to their highly qualified independent water quality consultant and spent a lot of the City's money to find out if the plant would harm the environment. He said he was advised to ensure that it would start as A+ effluent in addition to meeting surface water quality standards and there is a Class 3 operator. Mayor Schoaf stated that there is always a risk that a plant will malfunction, but if it has a good operator and good technology such as proposed here, it is a reasonable proposal. Mayor Schoaf commented on financial stability. He said it was reasonable to ask the County to ensure it will not take over responsibility without having financial backing to ensure the plant is operational, but it is not appropriate in at this stage in the process to require the developer to put money into the LLC so we will feel better. Mayor Schoaf stated that the County told the Regional Council it will stand behind the CID. He commented that this process has been good because it vetted the plant fully, but it is now time to move on.

Vice Mayor Neely stated that she and Mayor Phil Gordon met with President Enos. She thanked President Enos for her leadership and work on this issue to arrive at a point she feels the application can move forward. Vice Mayor Neely stated that the City will watch this process carefully because they are concerned about water rights issues, etc. She encouraged the developer to work with SRP to address its issues. Vice Mayor Neely stated that there will be public hearings on this plant, and the City of Phoenix wants to ensure that these issues are addressed.

Councilmember Schlum expressed his appreciation for Mayor Hallman's comments and addressing the process. He requested that the motion be read.

Mr. Smith read the motion: To approve as part of the MAG 208 Water Quality Management Plan, the Preserve at Goldfield Ranch Water Reclamation Facility as revised on May 23, 2008, with additional modifications and assurances made in the letter from the applicant's counsel to Dennis Smith dated May 27, 2008, and to acknowledge that Maricopa County formed a County Improvement District on August 8, 2007, for the purposes of acquiring, owning, operating, and maintaining the treatment plant once constructed, and to forward to the Arizona Department of Environmental Quality issues that are appropriate to be resolved in the Aquifer Protection Permit process for the facility including: (1) Injection of reclaimed water into the same aquifer that will be used for a drinking water source; (2) A specific sludge management plan for the facility.

Councilmember Schlum stated that his concern was that the Water Quality Advisory Committee denied the application by a vote of 11-5 in its form at that time. He said many changes were made by the developer to satisfy concerns, and allowed the SRPMIC to remove voting no tonight. Councilmember Schlum commented on treating to surface water quality standards. He commented on the SRP letter that discusses the barrier between the Verde River and the aquifer not being supported and the impact on the quality of drinking water. Councilmember Schlum stated that Fort McDowell obtains its water from the Verde River. He stated that Goldfield Ranch residents get their water directly from wells and are contiguous to the property proposed to be developed. Councilmember Schlum stated that the SRPMIC and its consultant, HDR, agree with SRP's concerns, but feel it will be dealt with in the next step of the process. He stated that this is the first time this has been done to discharge via injection wells and not the customary injection with reuse, which is a concern of SRPMIC. Councilmember Schlum stated that through MAG's cooperative process, a lot of work has been done, although a remedy has not been reached with Fort McDowell. He commented that it is frustrating to understand the process among MAG, ADEQ and the County for technical review. Councilmember Schlum stated that he consulted with the Town's sanitary district, and he was frustrated by the process he went through in considering this application. He stated that with Fort McDowell, SRPMIC, and Goldfield Ranch as his Town's neighbors, he was not comfortable with moving forward on approval of this application at this time.

Mayor Manross expressed her respect for the issues raised by SRP on the aquifer and the proximity to the Verde River, the ADEQ, and the Water Quality Advisory Committee's recommendation. She said that the technical staff who made the recommendation understand the technical issues. Mayor Manross stated that after reviewing all of the material, she would not be able to support the application at this time.

Mayor Dunn stated that he received a lot of technical information on this application. He said that he thought the focus should be on MAG's responsibility in the 208 process. Mayor Dunn stated that there will be other steps in the process that could address the technical concerns. He stated that he had met with everyone and felt that if MAG is not able to make a decision tonight, it would not be able to make a decision at all. Mayor Dunn expressed his thanks to SRPMIC for addressing this issue. He noted that the applicant made many concessions. Mayor Dunn commented that MAG will receive criticism from

those we may not want to hear from if the process does not work tonight. He stated that it is important to move ahead tonight.

Mayor Scruggs referenced the Goldfield document under tab B, which includes Section 4.5.2. of the MAG 208 Plan. She stated that this section says that in the process developed for a proposed facility within a Municipal Small Plant Planning Area, the City or Town would work with a developer to come up with a suitable small plant concept. When an acceptable concept has been worked out, a jurisdiction sends a letter to MAG stating that the proposed small plant is in keeping with the wastewater plans for the area. Mayor Scruggs stated that MAG then reviews the proposal and sends a letter to ADEQ to say if the small plant is compatible with the overall 208 Plan. She said that ADEQ has the legal authority to identify compliance with the 208 Plan. Mayor Scruggs noted that the final letter of compliance must come from ADEQ and go to the developer and the Maricopa County Environmental Services Department. Mayor Scruggs stated that upon receipt of the approval letter, the Maricopa County Environmental Services Department would review the plans and specifications for construction of the wastewater system. She stated that this section highlights MAG's responsibility and that MAG is not the final determiner of the engineering aspects. Mayor Scruggs stated that how the plant looks and will be built is the responsibility of another agency. She echoed Mayor Hallman's comments that he was not prepared to assume the responsibilities of other agencies and organizations. Mayor Scruggs stated that she felt it appropriate to approve this application based on the responsibility of the Regional Council, and recognizing that other agencies will take the application further and will fulfill their responsibilities.

Mayor Francia expressed his appreciation for the respectful and thoughtful discussion. He stated his agreement with Mayor Hallman and Supervisor Stapley, who reminded the Regional Council of its purview as a body. Mayor Francia stated that the question is whether the application has met the criteria. He stated that there are other agencies that will weigh in on the application. He stated that this is just one step in the process and he was prepared to move forward.

Chair Cavanaugh stated that MAG accomplished its role and did so responsibly. He said that he thought it was time to move forward.

Mr. Smith noted that because this was a water quality issue, the ADOT and CTOC representatives would not vote.

The motion passed by a vote of 19 yes, seven no, and one abstention, with Mayor Wayne Fulcher, Mayor Vincent Francia, Mayor Boyd Dunn, Mayor Fred Waterman, Vice Mayor Steve Holt, Mayor Steven Berman, Mayor Elaine Scruggs, Mayor Cavanaugh, Mayor Rebecca Jimenez, Mayor Thomas Schoaf, Supervisor Don Stapley, Mayor Ed Winkler, Mayor Bob Barrett, Vice Mayor Peggy Neely, Mayor Lyn Truitt, Mayor Hugh Hallman, Mayor Adolfo Gamez, Mayor Ron Badowski, and Mayor Michael LeVault, voting yes, Mayor Marie Lopez Rogers, Mayor Bobby Bryant, President Clinton Pattea, Councilmember Jay Schlum, Governor William Rhodes, Mayor Keno Hawker, and Mayor Mary Manross voting no, and President Diane Enos abstaining.

8. Legislative Update

Nathan Pryor, MAG Senior Policy Planner, provided an update on legislative issues of interest. He said that House Bill 2133 was signed by the Governor. The bill says that if a county reaches 500,000 population, it becomes its own transportation district and would receive a seat on the State Transportation Board. Mr. Pryor noted that Pinal County's population is projected to reach that level in 2014.

Mr. Pryor stated that House Bill 2049, the ADOT Rule Revision bill, has been the subject of many amendments, among which it would make texting while driving illegal. He stated that this bill will continue to be monitored.

Mr. Pryor reported on House Bill 2381, which would increase the amount to be paid out of the Emergency Telecommunications Services Fund for administrative costs or consultants fees from three to five percent. He stated that due to the budget discussions, this bill is waiting to be heard in Appropriations. Mr. Pryor added that an alternate bill might be identified to keep this moving forward. Chair Cavanaugh thanked Mr. Pryor for his report. No questions from the Council were noted.

9. Comments from the Council

An opportunity will be provided for Regional Council members to present a brief summary of current events. The Regional Council is not allowed to propose, discuss, deliberate or take action at the meeting on any matter in the summary, unless the specific matter is properly noticed for legal action.

Mayor Hawker, as Chair of the 2008 Nominating Committee, reported on the Committee's recommendations for the Executive Committee. He said that the Committee met that afternoon and recommended the following slate: Mayor Mary Manross as Chair, Vice Mayor Peggy Neely as Vice Chair, Mayor Thomas Schoaf as Treasurer, and Mayor Marie Lopez Rogers, Mayor Steve Berman, and Mayor Hugh Hallman as At-Large members. He stated that Mayor James Cavanaugh would serve on the Executive Committee as Past Chair.

There being no further business, the Regional Council meeting adjourned at 7:25 p.m.

Chair

Secretary